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California State Board of
Equalization

Bulletin of the Calif. State
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1917

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BULLETIN

OF THE

CALIFORNIA

State Board of Equalization

**PROVISIONS OF POLITICAL CODE GOVERNING TAXES
FOR STATE PURPOSES**

—

IN EFFECT MAY 11, 1917



**CALIFORNIA STATE PRINTING OFFICE
SACRAMENTO
1917**

BULLETIN
OF THE
CALIFORNIA
State Board of Equalization

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NOTE—Under the provisions of Chapter 214, laws of 1917, the sections of the Political Code here given are a revision and codification of the following statutes:

Chapter 335, Laws 1911.
Chapter 6, Laws 1913.
Chapter 320, Laws 1913.
Chapter 2, Laws 1915.
Chapter 559, Laws 1915.

Sections 38 and 39 of said Chapter 214, provide as follows:

SEC. 38. This act is a revision of and substitute for the act entitled "An act to carry into effect the provisions of section fourteen of article thirteen of the constitution of the State of California as said constitution was amended November 8, 1910, providing for the separation of state from local taxation, and providing for the taxation of public service and other corporations, banks and insurance companies for the benefit of the state, all relating to revenue and taxation," approved April 1, 1911, and amendments thereof; *provided, however*, that nothing herein contained shall effect any tax heretofore leveled or assessed in accordance with the provisions of said act and amendments thereof; *and provided, further*, that all laws in force prior to the taking effect of this act and providing for the levy and collection of such taxes shall, for the purpose of the collection of such taxes, remain in full force and effect.

SEC. 39. This act, inasmuch as it provides for a tax levy, shall, under the provisions of section one of article four of the constitution, take effect immediately.

(Approved May 11, 1917.)

CONSTITUTIONAL PROVISIONS.

(Constitution, Art. XIII, Sec. 14. Ratified Nov. 8, 1910.)

SEC. 14. Taxes levied, assessed and collected as hereinafter provided upon railroads, including street railways, whether operated in one or more counties; sleeping car, dining car, drawing-room car and palace car companies, refrigerator, oil, stock, fruit, and other car-loaning and other car companies operating upon railroads in this state; companies doing express business on any railroad, steamboat, vessel or stage line in this state; telegraph companies; telephone companies; companies engaged in the transmission or sale of gas or electricity; insurance companies; banks, banking associations, savings and loan societies, and trust companies; and taxes upon all franchises of every kind and nature, shall be entirely and exclusively for state purposes, and shall be levied, assessed and collected in the manner hereinafter provided. The word "companies" as used in this section shall include persons, partnerships, joint-stock associations, companies, and corporations.

Subjects
taxed ex-
clusively
for state
purposes.

(a) All railroad companies, including street railways, whether operated in one or more counties; all sleeping car, dining car, drawing-room car, and palace car companies, all refrigerator, oil, stock, fruit and other car-loaning and other car companies, operating upon the railroads in this state; all companies doing express business on any railroad, steamboat, vessel or stage line in this state; all telegraph and telephone companies; and all companies engaged in the transmission or sale of gas or electricity shall annually pay to the state a tax upon their franchises, roadways, roadbeds, rails, rolling stock, poles, wires, pipes, canals, conduits, rights of way, and other property, or any part thereof used exclusively in the operation of their business in this state, computed as follows: Said tax shall be equal to the percentages hereinafter fixed upon the gross receipts from operation of such companies and each thereof within this state. When such companies are operating partly within and partly without this state, the gross receipts within this state shall be deemed to be all receipts on business beginning and ending within this state, and a proportion, based upon the proportion of the mileage within this state to the entire mileage over which such business is done, of receipts on all business passing through, into, or out of this state.

Public
service
corpora-
tions, how
taxed.

Gross
receipts
from
interstate
business.

The percentages above mentioned shall be as follows: On all railroad companies, including street railways, four per cent; on all sleeping car, dining car, drawing-room car, palace car companies, refrigerator, oil, stock, fruit, and other car-loaning and other car companies, three per cent; on all companies doing express business on any railroad, steamboat, vessel or stage line, two per cent; on all telegraph and telephone companies, three and one-half per cent; on all companies engaged in the

Percentages
on gross
receipts.

In lieu of other taxes and licenses.

transmission or sale of gas or electricity, four per cent. Such taxes shall be in lieu of all other taxes and licenses, state, county and municipal, upon the property above enumerated of such companies except as otherwise in this section provided; *provided*, that nothing herein shall be construed to release any such company from the payment of any amount agreed to be paid or required by law to be paid for any special privilege or franchise granted by any of the municipal authorities of this state.

Exception.

Tax on insurance companies.

Specific deductions.

Retaliatory laws.

Tax on state and national banks.

Deduction of real estate.

(b) Every insurance company or association doing business in this state shall annually pay to the state a tax of one and one-half per cent upon the amount of the gross premiums received upon its business done in this state, less return premiums and reinsurance in companies or associations authorized to do business in this state; *provided*, that there shall be deducted from said one and one-half per cent upon the gross premiums the amount of any county and municipal taxes paid by such companies on real estate owned by them in this state. This tax shall be in lieu of all other taxes and licenses, state, county and municipal, upon the property of such companies, except county and municipal taxes on real estate, and except as otherwise in this section provided; *provided*, that when by the laws of any other state or country, any taxes, fines, penalties, licenses, fees, deposits of money, or of securities, or other obligations or prohibitions, are imposed on insurance companies of this state doing business in such other state or country, or upon their agents therein, in excess of such taxes, fines, penalties, licenses, fees, deposits of money, or of securities, or other obligations or prohibitions, imposed upon insurance companies of such other state or country, so long as such laws continue in force, the same obligations and prohibitions of whatsoever kind may be imposed by the legislature upon insurance companies of such other state or country doing business in this state.

(c) The shares of capital stock of all banks, organized under the laws of this state, or of the United States, or of any other state and located in this state, shall be assessed and taxed to the owners or holders thereof by the state board of equalization, in the manner to be prescribed by law, in the city or town where the bank is located and not elsewhere. There shall be levied and assessed upon such shares of capital stock an annual tax, payable to the state, of one per centum upon the value thereof. The value of each share of stock in each bank, except such as are in liquidation, shall be taken to be the amount paid in thereon, together with its pro rata of the accumulated surplus and undivided profits. The value of each share of stock in each bank which is in liquidation shall be taken to be its pro rata of the actual assets of such bank. This tax shall be in lieu of all other taxes and licenses, state, county and municipal, upon such shares of stock and upon the property of such banks, except county and municipal taxes on real estate and except as otherwise in this section provided. In determining the value of the capital stock of any bank there shall be

deducted from the value, as defined above, the value, as assessed for county taxes, of any real estate, other than mortgage interests therein, owned by such bank and taxed for county purposes. The banks shall be liable to the state for this tax and the same shall be paid to the state by them on behalf of the stockholders in the manner and at the time prescribed by law, and they shall have a lien upon the shares of stock and upon any dividends declared thereon to secure the amount so paid.

Liability for tax.

The moneyed capital, reserve, surplus, undivided profits and all other property belonging to unincorporated banks or bankers of this state, or held by any bank located in this state which has no shares of capital stock, or employed in this state by any branches, agencies, or other representatives of any banks doing business outside of the State of California, shall be likewise assessed and taxed to such banks or bankers by the said board of equalization, in the manner to be provided by law and taxed at the same rate that is levied upon the shares of capital stock of incorporated banks, as provided in the first paragraph of this subdivision. The value of said property shall be determined by taking the entire property invested in such business, together with all the reserve, surplus, and undivided profits, at their full cash value, and deducting therefrom the value as assessed for county taxes of any real estate, other than mortgage interests therein, owned by such bank and taxed for county purposes. Such taxes shall be in lieu of all other taxes and licenses, state, county and municipal, upon the property of the banks and bankers mentioned in this paragraph, except county and municipal taxes on real estate and except as otherwise in this section provided. It is the intention of this paragraph that all moneyed capital and property of the banks and bankers mentioned in this paragraph shall be assessed and taxed at the same rate as an incorporated bank, provided for in the first paragraph of this subdivision. In determining the value of the moneyed capital and property of the banks and bankers mentioned in this subdivision, the said state board of equalization shall include and assess to such banks all property and everything of value owned or held by them, which go to make up the value of the capital stock of such banks and bankers, if the same were incorporated and had shares of capital stock.

Tax on unincorporated banks and on branches and agencies of foreign banks.

Deduction of real estate.

In lieu of other taxes and licenses.

Method of determining value.

The word "banks" as used in this subdivision shall include banking associations, savings and loan societies and trust companies, but shall not include building and loan associations.

"Banks" defined.

(d) All franchises, other than those expressly provided for in this section, shall be assessed at their actual cash value, in the manner to be provided by law, and shall be taxed at the rate of one per centum each year, and the taxes collected thereon shall be exclusively for the benefit of the state.

Tax on franchises.

(e) Out of the revenues from the taxes provided for in this section, together with all other state revenues, there shall be first set apart the moneys to be applied by the state to the support of the public school system and the state university. In

Distribution of receipts.

Deficiency
in state
revenues.

Bonded
debts.

Duty of
legislature.

Change of
rates.

Lien of
taxes.

Period for
gross
receipts.

Proviso.

Reimburse-
ment of
counties
and dis-
tricts.

No injunc-
tion until
tax is
paid.

the event that the above named revenues are at any time deemed insufficient to meet the annual expenditures of the state, including the above named expenditures for educational purposes, there may be levied, in the manner to be provided by law, a tax, for state purposes, on all the property in the state, including the classes of property enumerated in this section, sufficient to meet the deficiency. All property enumerated in subdivisions *a*, *b* and *d* of this section shall be subject to taxation, in the manner provided by law, to pay the principal and interest of any bonded indebtedness created and outstanding by any city, city and county, county, town, township or district, before the adoption of this section. The taxes so paid for principal and interest on such bonded indebtedness shall be deducted from the total amount paid in taxes for state purposes.

(f) All the provisions of this section shall be self-executing, and the legislature shall pass all laws necessary to carry this section into effect, and shall provide for a valuation and assessment of the property enumerated in this section, and shall prescribe the duties of the state board of equalization and any other officers in connection with the administration thereof. The rates of taxation fixed in this section shall remain in force until changed by the legislature, two thirds of all the members elected to each of the two houses voting in favor thereof. The taxes herein provided for shall become a lien on the first Monday in March of each year after the adoption of this section and shall become due and payable on the first Monday in July thereafter. The gross receipts and gross premiums herein mentioned shall be computed for the year ending the thirty-first day of December prior to the levy of such taxes and the value of any property mentioned herein shall be fixed as of the first Monday in March. Nothing herein contained shall affect any tax levied or assessed prior to the adoption of this section; and all laws in relation to such taxes in force at the time of the adoption of this section shall remain in force until changed by the legislature. Until the year 1918 the state shall reimburse any and all counties which sustain loss of revenue by the withdrawal of railroad property from county taxation for the net loss in county revenue occasioned by the withdrawal of railroad property from county taxation. The legislature shall provide for reimbursement from the general funds of any county to districts therein where loss is occasioned in such districts by the withdrawal from local taxation of property taxed for state purposes only.

(g) No injunction shall ever issue in any suit, action or proceeding in any court against this state or against any officer thereof to prevent or enjoin the collection of any tax levied under the provisions of this section; but after payment action may be maintained to recover any tax illegally collected in such manner and at such time as may now or hereafter be provided by law. [New section; ratified November 8, 1910.]

NOTE.—The percentage tax rates fixed in the foregoing section 14 were changed by the legislature. See chapter 6, laws of 1913; chapter 2, laws of 1915; chapter 214, laws of 1917.

POLITICAL CODE.

PART III, TITLE IX.

CHAPTER III.

[In effect May 11, 1917.]

- 3664. What corporations and property taxable solely for state purposes.
- 3664a. Corporations and tax ratios applicable.
- 3664b. Insurance companies, how taxable and rate.
- 3664c. Banks, how taxable and rate.
- 3664d. Franchises, how taxable and rate.
- 3665. Special privilege or franchise, how treated.
- 3665a. Gross receipts defined.
- 3665b. Definition of what is "operative property."
- 3665c. Reports to state board by corporations, what to contain, and "subsidiary company" defined.
- 3666. Protests as to what shall constitute operative property.
- 3666a. Insurance companies, duty of Insurance Commissioner to report, and contents of report.
- 3666b. Bank reports, and method of taxation.
- 3666c. Secretary of State to make daily report to state board.
- 3667. General franchises, owners and holders to file report, containing what.
- 3667a. General franchises, assessors and auditors to report county assessed values of.
- 3667b. Reports of corporations, penalties for failure to file.
- 3667c. State board may grant extension of time for reporting.
- 3668. Assessments by state board, time of; clerical errors; method of taxing bank shares; publication of general notice by state board.
- 3668a. Record of assessment for state taxes, preparation of and delivery to Controller.
- 3668b. Taxes, when due and payable; method of collection when no real property is security; Controller to publish notice of taxes due; penalties for delinquency.
- 3668c. Taxes, lien of; other provisions relating to payment.
- 3669. Payments to state treasury, and tax receipts; correction of illegal assessment and payments.
- 3669a. Protests on tax payments, contents thereof; suits to recover taxes paid.
- 3669b. Reassessments after judgment of invalidity.
- 3669c. Controller to mail notice of delinquency; suspension of corporate powers for nonpayment; certification of suspended charters; penalty for acting as corporation after suspension; method of reviving corporate charter; Attorney General to bring suit for delinquent taxes, and rights of defense.
- 3669d. Revivor of charters forfeited prior to March 3, 1917.
- 3669e. State Board of Equalization, additional powers granted; secrecy of reports filed by general corporations.
- 3670. Auditor to report bank assessments to state board; board has power to equalize bank assessments.
- 3670a. Insurance taxation; state board to equalize county and city assessments.
- 3670b. Operative assessment roll, preparation by assessors; duplicate to be sent state board; power of equalization by board; fixing of bond tax rates by local authorities; auditors and clerks to report to Controller on bond taxes; duty of Controller.
- 3670c. Controller to pay bond taxes to counties and cities; time and method of payment; disposition of excess in local accounting.
- 3671. Reimbursement of counties for loss of revenue in certain instances.
- 3671a. Treasurer's settlement with state, provisions of.
- 3671b. Counties to reimburse local districts for losses in certain instances.
- 3671c. Deficiency in state revenues; method of collecting by ad valorem taxation.
- 3671d. Old ad valorem tax laws continued in force for certain state purposes.

Subjects
taxed
exclusively
for state
purposes.

3664. Taxes levied, assessed and collected as hereinafter provided upon railroads, including street railways, whether operated in one or more counties; sleeping car, dining car, drawing-room car and palace car companies, refrigerator, oil, stock, fruit, and other car-loaning and other car companies operating upon railroads in this state; companies doing express business on any railroad, steamboat, vessel, or stage line in this state; telegraph companies; telephone companies; companies engaged in the transmission or sale of gas or electricity; insurance companies; banks, banking associations, savings and loan societies, and trust companies; and taxes upon all franchises of every kind and nature, shall be entirely and exclusively for state purposes, and shall be assessed and levied by the state board of equalization, and collected in the manner herein-after provided. The word "company" and the word "companies" as used in section fourteen of article thirteen of the constitution of this state and in the sections of this code enacted to carry the same into effect shall include persons, partnerships, joint stock associations, companies, and corporations.

"Company"
defined.

Public
service
corporations,
how
taxed.

3664a. 1. All railroad companies, including street railways, whether operated in one or more counties; all sleeping car, dining car, drawing-room car and palace car companies, all refrigerator, oil, stock, fruit, and other car-loaning, and other car companies, operating upon the railroads in this state; all companies doing express business on any railroad, steamboat, vessel, or stage line in this state; all telegraph and telephone companies; and all companies engaged in the transmission or sale of gas or electricity shall annually pay to the state a tax upon their franchises, roadways, roadbeds, rails, rolling stock, poles, wires, pipes, canals, conduits, rights of way, and other property, or any part thereof, used exclusively in the operation of their business in this state, computed as follows: Said tax shall be equal to the percentages hereinafter fixed upon the gross receipts from operation of such companies and each thereof within this state.

Gross
receipts
from
interstate
business.

2. When such companies are operating partly within and partly without this state, the gross receipts within this state shall be deemed to be all receipts on business beginning and ending within this state, and a proportion, based upon the proportion of the mileage within this state to the entire mileage over which such business is done, of receipts on all business passing through, into, or out of this state.

Percentages
on gross
receipts.

3. The percentages above mentioned shall be as follows: On all railroad companies, including street railways, five and one-fourth per cent; on all sleeping car, dining car, drawing-room car, palace car companies, refrigerator, oil, stock, fruit, and other car-loaning, and other car companies, three and ninety-five hundredths per cent; on all companies doing express business on any railroad, steamboat, vessel or stage line, nine-tenths of one per cent; on all telegraph and telephone com-

panies, four and two-tenths per cent; on all companies engaged in the transmission or sale of gas or electricity, five and six-tenths per cent.

4. Such taxes shall be in lieu of all other taxes and licenses, state, county, and municipal, upon the property above enumerated of such companies except as otherwise provided in section fourteen of article thirteen of the constitution of this state.¹

In lieu of
that.

5. The word "municipal" as used in section fourteen of article thirteen of the constitution of this state and in the sections of this code enacted to carry the same into effect shall apply to incorporated towns and cities formed under article eleven of the constitution of this state and to none other.²

"Municipal"
defined.

3664b. Every insurance company or association doing business in this state shall annually pay to the state a tax of two per cent upon the amount of the gross premiums received upon its business done in this state, less return premiums and reinsurance in companies or associations authorized to do business in this state; *provided*, that there shall be deducted from said two per cent upon the gross premiums the amount of any county and municipal taxes paid by such companies on real estate owned by them in this state. This tax shall be in lieu of all other taxes and licenses, state, county, and municipal, upon the property of such companies, except county and municipal taxes on real estate, and except as otherwise provided in the constitution of this state; *provided*, that when by the laws of any other state or country, any taxes, fines, penalties, licenses, fees, deposits of money, or of securities, or other obligations or prohibitions, are imposed on insurance companies of this state, doing business in such other state or country, or upon their agents therein, in excess of such taxes, fines, penalties, licenses, fees, deposits of money, or of securities, or other obligations or prohibitions, imposed upon insurance companies of such other state or country, so long as such laws continue in force, the same obligations and prohibitions of whatsoever kind must be imposed by the insurance commissioner upon insurance companies of such other state or country doing business in this state.

Tax on
insurance
companies.

Retaliatory
clause.

3664c. 1. The shares of capital stock of all banks, organized under the laws of this state, or of the United States, or of any other state and located in this state, shall be assessed and taxed to the owners or holders thereof by the state board of equalization, in the manner hereinafter provided, in the

Tax on
state and
national
banks.

¹Public utility corporations, banks and insurance companies are exempt from state, county, municipal and other licenses: *City and County of San Francisco vs. Pacific Telephone and Telegraph Company*, 166 Cal. 244; *Hartford Fire Insurance Company vs. Jordan*, 168 Cal. 270; *Pacific Gas and Electric Company vs. Roberts*, 168 Cal. 420; *Southern Trust Company vs. City of Los Angeles*, 168 Cal. 762; *Hughes vs. City of Los Angeles*, 168 Cal. 764; *Southern Pacific Company vs. Levee District No. 1, etc.*, 172 Cal. 345.

²*See Southern Pacific Company vs. Levee District No. 1, etc.*, 172 Cal. 345.

city or town where the bank is located and not elsewhere. There shall be levied and assessed upon such shares of capital stock an annual tax, payable to the state, of one and sixteen hundredths per centum upon the value thereof. The value of each share of stock in each bank, except such as are in liquidation, shall be taken to be the amount paid in thereon, together with its pro rata of the accumulated surplus and undivided profits.¹ The value of each share of stock in each bank which is in liquidation shall be taken to be its pro rata of the actual assets of such bank.²

In lieu of what.

2. This tax shall be in lieu of all other taxes and licenses, state, county, and municipal, upon such shares of stock and upon the property of such bank, except county and municipal taxes on real estate and except as otherwise provided in the constitution of this state.

Deduction of real estate.

3. In determining the value of the capital stock of any bank there shall be deducted from the value, as defined above, the value, as assessed for county taxes, of any real estate, other than mortgage interests therein, owned by such bank and taxed for county purposes.

Liability for tax.

4. The banks shall be liable to the state for this tax and the same shall be paid to the state by them on behalf of the stockholders in the manner and at the time hereinafter provided, and they shall have a lien upon the shares of stock and upon any dividends declared thereon to secure the amount so paid.¹

Tax on unincorporated banks and on branches and agencies of foreign banks.

5. The moneyed capital, reserve, surplus, undivided profits, and all other property belonging to unincorporated banks or bankers of this state, or held by any bank located in this state which has no shares of capital stock, or employed in this state by any branches, agencies, or other representatives of any banks doing business outside of the State of California, shall be likewise assessed and taxed to such banks or bankers by the said board of equalization, in the same manner as above provided for incorporated banks, and taxed at the same rate that is levied upon the shares of capital stock of incorporated banks, as provided in the first paragraph of this section.

Branch bank or agency.

6. In the case of a branch, an agency, or other representative of any bank doing business outside of this state, the capital of said branch, agency, or representative used in this state shall be taken to be the average amount owed by the said branch, agency, or representative to the bank of which it is a branch, agency, or representative during the year ending the first Monday in March. The value of said property shall be determined by taking the entire property invested in such business, together with all reserve, surplus, and undivided profits, at their full cash value, and deducting therefrom the value as assessed for county taxes of any real estate, other than mortgage interests therein, owned by such bank or banker and

Deductions of real estate.

¹See *Bank of California National Association vs. Roberts*, 173 Cal. 398.
²See *People vs. Bank of Shasta County*, 172 Cal. 507.

taxed for county purposes. Such taxes shall be in lieu of all other taxes and licenses, state, county and municipal, upon the property of the banks and bankers mentioned in this section, except county and municipal taxes on real estate, and except as otherwise provided in the constitution of this state. All moneyed capital and property of the banks and bankers mentioned in this paragraph shall be assessed and taxed at the same rate as an incorporated bank, provided for in this section. In determining the value of the moneyed capital and property of the banks and bankers mentioned in this section, the said state board of equalization shall include and assess to such banks all property and everything of value owned or held by them which would go to make up the value of the capital stock of such banks and bankers, if the same were incorporated and had shares of capital stock.

In lieu of what.

Items assessed.

7. The word "banks" as used in section fourteen of article thirteen of the constitution of this state and in the sections of this code enacted to carry the same into effect shall include banking associations, unincorporated banks and bankers, branches, agencies or other representatives of any banks doing business outside of the State of California, savings and loan societies, and such trust companies, as conduct the business of receiving money on deposit, but shall not include building and loan associations.

"Banks" defined.

3664d. All franchises, other than those of the companies mentioned in sections three thousand six hundred sixty-four a, three thousand six hundred sixty-four b, and three thousand six hundred sixty-four c of this code, shall be assessed at their actual cash value, after making due deduction for good will, in the manner hereinafter provided, and shall be taxed at the rate of one and two-tenths per centum each year, and the taxes collected thereon shall be exclusively for the benefit of the state. These franchises shall include the actual exercise of the right to be a corporation and to do business as a corporation under the laws of this state and the actual exercise of the right to do business as a corporation in this state when such right is exercised by a corporation incorporated under the laws of any other state or country, also the right, authority, privilege, or permission to maintain wharves, ferries, toll roads, and toll bridges, and to construct, maintain or operate, in, under, above, upon, through or along any streets, highways, public places, or waters, any mains, pipes, canals, ditches, tanks, conduits or other means for conducting water, oil, or other substances.

Tax on franchises.

"Franchises" defined.

3665. Nothing in any section of this code shall be construed to release any company from the payment of any amount agreed to be paid or required by law to be paid, now or hereafter, for any special privilege or franchise granted by any of the municipal authorities of this state.

Municipal charges for special franchises not released.

"Gross receipts from operation" defined.

3665a. 1. The term "gross receipts from operation" as used in section three thousand six hundred sixty-four *a* of this code is hereby defined to include all sums received from business done within this state, during the year ending the thirty-first day of December last preceding, including the company's proportion of gross receipts from any and all sources on account of business done by it within this state, in connection with other companies described in said section.¹

Any company claiming that the levy of the percentage fixed by section three thousand six hundred sixty-four *a* of this code on the total gross receipts of such company results in double taxation of the property of such company, may make application to the state board of equalization for a hearing on such matter. Said board shall have power to take evidence and determine the facts with respect to such claim and in event said board finds the claim of such company to be true, said board may authorize such company to deduct from its reported gross receipts that amount of such receipts which, if included in such total gross receipts, would cause such double taxation.²

Inquiry as to double taxation.

Interstate business.

2. In case of companies operating partly within and partly without this state, the gross receipts within this state shall be deemed to be all receipts on business beginning and ending within this state, and the proportion based upon the proportion of the mileage within this state to the entire mileage over which such business is done, of receipts on all business passing through, into or out of this state.

No deduction allowed.

3. No deduction shall be allowed from the gross receipts from operation for commissions, rebates, or other repayments, except only such refunds as arise from errors or overcharges; nor shall any deduction be allowed for payments from gross receipts to other companies for any purpose whatsoever, except such refunds as arise from errors or overcharges.

Certain income exempted.

4. Income derived from property not defined in this section and in sections three thousand six hundred sixty-four *a*, three thousand six hundred sixty-five *b*, and three thousand six hundred sixty-five *c* of this code as operative property shall not be included in the gross receipts for the purpose of determining the tax on the property and franchises provided for in section three thousand six hundred sixty-four *a* of this code.

"Operative property" defined:
(a) of railroads,

3665b. 1. The term "operative property" as used in any section of this code shall include:

(a) In the case of railroad companies, including street railways: The franchises, roadway, roadbed, rails, rolling stock, rights of way, sidings, spur tracks, switches, signal systems, cranes and structures used in loading and unloading cars, fences along the right of way, poles, wires, conduits, power lines, piers, used exclusively in the operation of the railroad

¹Gross receipts of steamboats operated by railroads do not constitute taxable receipts: *Lake Tahoe Railway and Transportation Company vs. Roberts*, 168 Cal. 551.

²See *Pacific Gas and Electric Company et al. vs. Roberts*, Cal. Dec. Vol. 54, p. 370, decided September 21, 1917.

business, depot grounds and buildings, ferryboats, tugs and car-floats used exclusively in the operation of the railroad business; machine shops, repair shops, round houses, car barns, power houses, substations, and other buildings, used in the operation of the railroad business and so much of the land on which said shops, houses, barns, and other buildings are situate as may be required for the convenient use and occupation of said buildings.¹

(b) In the case of sleeping car, dining car, drawing-room car and palace car companies, refrigerator, oil, stock, fruit, and other car-loading, and other car companies operating upon railroads in this state: The franchises, cars, and other rolling stock.²

(b) Of car companies,

(c) In the case of companies doing express business on any railroad, steamboat, vessel, or stage line in this state: The franchises, cars, trucks, wagons, horses, harness, and safes.

(c) Of express companies,

(d) In the case of telegraph and telephone companies doing business in this state: The franchises, rights of way, poles, wires, pipes, conduits, cables, switchboards, telegraph and telephone instruments, batteries, generators, and other electrical appliances, and exchange and other buildings used in the telegraph and telephone business and so much of the land on which said buildings are situate as may be required for the convenient use and occupation of said buildings.

(d) Of telegraph and telephone companies,

(e) In the case of companies engaged in the transmission or sale of gas or electricity: The franchises, towers, poles, wires, pipes, canals, tunnels, ditches, flumes, aqueducts, conduits, rights of way, dams, reservoirs, water and water rights used exclusively in the business of the transmission or sale of gas or electricity; transformers, substations, gas-holders, gas and electric generators, switches, switchboards, meters, electrical and gas appliances, oil tanks, power plants, power houses, and other buildings and structures used in the operation of the business of the transmission or sale of gas or electricity and so much of the land on which said buildings and structures are situate as may be required for the convenient use and operation of said buildings; *provided*, that the operative property of the companies enumerated in this section, shall also include any other property not above enumerated that may be reasonably necessary for use by said companies exclusively in the operation and conduct of the particular kinds of business enumerated in section three thousand six hundred sixty-four *a* of this code.¹ The operative property mentioned in subdivisions (a), (b), (c), (d), and (e), of this section shall not be subject to taxation for county, municipal, or district purposes except as otherwise provided

(e) Of gas and electric companies,

Of all classes of companies.

Operative property exempt from local taxation.

¹See *County of San Bernardino vs. State Board of Equalization*, 172 Cal. 76; *Southern Pacific Company vs. Levee District No. 1, etc.*, 172 Cal. 345.

²See *County of San Bernardino vs. State Board of Equalization*, 172 Cal. 76.

Property
in divided
use.

for in the constitution and laws of this state¹; *provided, however*, that when any piece or parcel of property in this state owned by any of the companies mentioned in section three thousand six hundred sixty-four *a* of this code is used partially by such company for any use reasonably necessary to the operation of any of the lines of business enumerated in said section and such property is also partially rented to or used by others or is partially used by the company for some other lines of business not among those so enumerated, or for purposes not reasonably necessary to the operation of any of said enumerated lines of business, it shall be considered operative property in that proportion only which that part of the property mentioned in this proviso used by the company in the operation of any of said enumerated lines of business bears to the whole of the property mentioned in this proviso.

Plants
under con-
struction.

2. Any property of the classes mentioned in this section owned by a company constructing a new railroad, street railway, telegraph or telephone system, or plant or system for the transmission or sale of gas or electricity, no part of which new road, line, plant, or system is in operation, and the same classes of property when held by an operating company solely for the construction of a new railroad or railway line, a new telegraph or telephone system, or a new plant or system for the transmission or sale of gas or electricity, and not to be used for betterments or additions to roads, lines, plants, or systems already under operation, shall not be considered operative property and shall be subject to assessment and taxation for county, municipal, and district purposes. Any part of such property of any company mentioned in this section shall be classed and assessed as operative property when the state board of equalization shall determine that such property is rendering a substantial public service.²

State board
to issue
instructions
on operative
property.

3. The state board of equalization shall have power to make rules and issue instructions not inconsistent with the constitution and laws of this state for the guidance of assessors in determining what is operative property and what is non-operative property of companies named in this section.

Report of
public
service
companies:

3665c. Such person or officer, as the state board of equalization may designate, of each of the companies mentioned in section three thousand six hundred sixty-four *a* of this code, shall within ten days after the first Monday in March of each year, file with the said board a report signed and sworn to by one or more of said persons or officers, showing in detail for the year ending the thirty-first day of December last preceding, the various items as follows:

(1) Name
of company,

1. The name of the company, its nature, whether a person or persons, a partnership (with names of partners), an association, or corporation, and under the laws of what state, terri-

¹See *County of San Bernardino vs. State Board of Equalization*, 172 Cal. 76.

²Decision of state board is not conclusive; *San Diego and Arizona Railway Company vs. State Board of Equalization*, 165 Cal. 560.

tory or country organized, the nature of its business, the location of its principal place of business, the names and post-office addresses of its president, secretary, auditor, treasurer, superintendent, and general manager, the location of its principal place of business in this state, the name and post-office address of its chief officer or managing agent in this state, and the names and addresses of all subsidiary companies whose property and business are operated by it and the names and addresses of any company of which it may be subsidiary.

2. Each of the companies mentioned in said section shall report, in such detail as the state board of equalization shall prescribe, all of its property in this state which comes under the definition of operative property in section three thousand six hundred sixty-five *b* of this code. When any such company operates both within and without this state it shall report the mileage over which it operates both within and without this state. It shall also report the location of said property within this state by counties, cities and counties, municipalities, and districts, in such manner and in such detail as said board of equalization shall prescribe. It shall also, at the same time, furnish a duplicate of the report covering so much of said property as is located in any county, city and county, municipality, or district, to the assessor of the county, city and county, city, or district in which such property is located.

The state board of equalization may require the filing in its office of maps descriptive of all the operative property of any such companies, and may prescribe the form and size of such maps and the details to be shown therein, and may require that similar maps descriptive of the operative property within each county, city and county, municipality, or district, shall be filed in the assessor's office in each county, city and county, city, or district in which any of said property is located.

3. The amount of capital stock issued, and the amount of money received therefor, showing separately the capital stock issued and the money received therefor of the operating company and of each subsidiary company in this state.

4. The dividends paid during the year ending the thirty-first day of December last preceding, the surplus fund, if any, on said thirty-first day of December, or between such periods as the state board of equalization may determine, those of the operating company and of each subsidiary company in this state to be shown separately.

5. The funded and floating debts and the rate of interest thereon, showing separately the debts of the operating company and of each subsidiary company in this state, on the thirty-first day of December last preceding.

6. The market value of the stock and of the outstanding bonds, or, when said stock or bonds have no market value, the actual value thereof, for such periods and for such dates as the state board of equalization shall prescribe.

(2) Prop-
erty to be
reported,

Maps to
be filed,

(3) Capital
stock,

(4) Divi-
dends,

(5) Funded
and other
debts,

(6) Market
value stock
and bonds,

(7) Improvements.

7. The amounts expended for improvements during the year ending the thirty-first day of December last preceding, how expended and the character of the improvements.

(8) Gross receipts.

8. The gross receipts from operation within this state for the year ending the thirty-first day of December last preceding, the gross receipts from such classes of business as the state board of equalization may designate, to be reported separately; also, where the property and business are partly within and partly without this state, the gross receipts for said period on all business beginning and ending entirely within this state, and that proportion of the gross receipts from all business passing through, into, or out of this state, which the mileage within this state bears to the total mileage over which such interstate business is done as further defined in section three thousand six hundred sixty-five *a* of this code.

(9) Operating expenses.

9. The operating and other expenses.

(10) Profit and loss.

10. The balances of profit and loss, between such periods as the state board of equalization may determine.

(11) Other matters.

11. Such other matters as the state board of equalization may deem necessary in order to enable it to assess and levy the taxes provided for in section fourteen of article thirteen of the constitution of this state.

Subsidiary companies to be included in report.

Each such company shall include in its report the property and business of all subsidiary companies as that term is hereinafter defined in this section, whose property and business are operated by it, whether by virtue of a lease, an operating contract or agreement, or by virtue of control through the ownership of stock or otherwise, even though such subsidiary companies maintain an independent legal existence and separate accounts.

"Subsidiary companies" defined.

The term "subsidiary company" is hereby defined as applying to a company which is merged in the operating system of an operating company in any of the ways above stated, whose property and franchises would be taxable under section three thousand six hundred sixty-four *a* of this code if the same were operated independently. No separate report need be rendered by a subsidiary company whose property, franchises, and operations are fully and completely covered by the report of an operating company, unless the state board of equalization shall deem such a separate report necessary.

Separate reports of certain subsidiary companies.

Each such company operating the property and business of a subsidiary company in some line of business to which a different percentage of the gross receipts is applied by said section from that applied by said section to the gross receipts of the operating company, shall report such receipts of the subsidiary company separately.

Assessor to report to state board property improperly claimed as operative property.

3666. 1. If any assessor finds in the report of the operative property in his county, city and county, municipality, or district, furnished to him by any of the companies as required in section three thousand six hundred sixty-five *c* of this code, any piece or parcel of property which he regards as nonoperative

property, or partially operative and partially nonoperative, he shall, within thirty days after receiving such report, notify the state board of equalization thereof by mail, which notice shall contain a general description of the property and the assessor's reasons for regarding the same as nonoperative property. He shall also mail a copy of the notice to the company whose property is involved.¹ The said board shall investigate the nature of the property and its use, and, if an agreement between the said board, the assessor, and the company as to the proper classification of such property can not be reached, then the said board shall, under such rules of notice as it may deem reasonable, set a date for a hearing, at which the assessor and the company may be present or represented. At such hearing the board shall, from the evidence presented and from the best information it can obtain decide the matter in dispute, and determine whether such property is operative or nonoperative or in what proportion operative and in what proportion nonoperative. The said board shall enter its decision in its minutes, and shall send a copy thereof to the county assessor and the company, and also to the proper officer of any municipality affected thereby. Said decision shall be binding upon all parties, the state, the county, city and county, municipality, or district, and the company, unless set aside by a court of competent jurisdiction, and each such assessor must note the decision on his assessment roll, and must assess such property accordingly.

Notice to company.

State board to investigate.

Hearing and decision by state board.

2. If the state board of equalization shall find in the report of operative property furnished to said board by any company under the provisions of section three thousand six hundred sixty-five *c* of this code, any piece or parcel of property which said board regards as nonoperative property, or partially operative and partially nonoperative, the board shall, within thirty days after receiving such report, notify said company thereof in writing, which notice shall contain a general description of the property and the reasons for regarding the same as nonoperative. It shall also mail a copy of the notice to any assessor in whose county, city and county, municipality, or district the property is located. If an agreement between the said board, the assessor, and the company as to the proper classification of such property can not be reached, then the said board shall, under such rules of notice as it may deem reasonable, set a date for a hearing, at which the assessor and the company may be present or represented. At such hearing the board shall, from the evidence presented and from the best information it can obtain, decide the matter in dispute, and determine whether such property is operative or nonoperative, or in what proportion operative and in what proportion nonoperative. The said board shall enter its decision in its minutes, and shall send a copy thereof to the county assessor and

State board to report to assessor and company property improperly claimed as operative property.

Hearing and decision by state board.

¹Provision for thirty days' notice is mandatory: *Pacific Electric Railway Company vs. Tolkin et al.*, 164 Cal. 154.

the company, and also to the proper officer of any municipality affected thereby. Said decision shall be binding upon all parties, the state, the county, city and county, municipality, or district, and the company, unless set aside by a court of competent jurisdiction, and each such assessor must note the decision on his assessment roll and must assess the property accordingly.

3666a. The insurance commissioner of this state must on or before the last day of March in each year make and file with the state board of equalization a report showing:

Insurance commissioner to report:

(1) Companies,

1. All companies, domestic and foreign, and all firms, associations, or persons, engaged in the business of insurance in this state.

(2) Gross premiums,

2. The total amount of the gross premiums received from its business in this state by each of said companies, firms, associations, and persons during the year ending the thirty-first day of December last preceding.

(3) Return premiums and reinsurance,

3. The amount of return premiums paid on business done in this state and the amount of reinsurance on business done in this state paid to other insurance companies or associations authorized to do business in this state, by said companies, firms, associations, and persons, during said year.

(4) Local taxes,

4. The amount of any county and municipal taxes paid during said year by such companies on real estate owned by them in this state, and where said real estate is located.

Companies subject to retaliatory law.

In making this report he shall list separately all those companies, firms, associations, or persons, which, under the second proviso in subdivision (b) of section fourteen of article thirteen of the constitution and of section three thousand six hundred sixty-four b of this code, are subject to a tax at a rate higher than two per cent on their gross premiums, or to any additional tax or burden, and shall indicate in each case the amount and character of said tax or burden. Every company, firm, association, or person engaged in the business of insurance in this state shall file with the insurance commissioner on or before the first Monday in March in each year such statements in addition to, or in modification of, the statements required to be rendered under the provisions of article sixteen of chapter three of title one of part three of the Political Code as said insurance commissioner shall deem necessary to enable him to prepare the report required of him in this section and said statements shall be verified in the same manner as is provided for the verification of other statements by insurance companies in section six hundred ten of the Political Code, except that, those filed by foreign companies shall be verified by the oath of the manager thereof residing within this state.

Bank reports.

3666b. The president, secretary, treasurer, cashier, or such other officer as the state board of equalization may determine, of every bank referred to in section fourteen of article thirteen of the constitution of this state, shall on the first Monday

in March or within ten days thereafter make and file with the state board of equalization a sworn statement showing the condition of said bank at the close of business on the first Monday in March, and showing the amount of its authorized capital stock, the number of shares issued and the par value thereof, the amount received for stock issued, the amount of its surplus and undivided profits, if any, a complete list of the names and residences of its stockholders and the number of shares held by each as of record on the books of the bank at the close of business on the first Monday in March; or, in the case of unincorporated banks and bankers, of banks having no capital stock and of branches, agencies, or other representatives of banks doing business outside of this state, the moneyed capital, reserve, surplus, undivided profits, and other taxable property, as further defined in section fourteen of article thirteen of the constitution of this state, used by them in the banking business in this state, also a description of the real estate, other than mortgage interests therein, and the value of each piece thereof as assessed for the purpose of county taxation for the then current fiscal year.

Unincorporated banks, branches, etc.

Branches, agencies, or other representatives of banks doing business outside of this state, shall report the average amount owed by said branches, agencies, or other representatives, to the banks of which they are branches, agencies, or representatives, during the year ending the first Monday in March, also a description of the real estate other than mortgage interests therein, and the value of each piece thereof as assessed for the purpose of county taxation for the then current fiscal year.

Branches and agencies.

The state board of equalization shall prescribe the form of reports, the manner of their verification, and may require the submission of tax receipts, or copies thereof certified to be correct by any notary public, in order to verify the statements as to the assessed value of the real estate, and may require such further information or statements as said board may deem necessary.

Form of report.

3666c. The secretary of state shall daily report to the state board of equalization the name, corporate number, principal place of business, date of incorporation, term of existence, funded debt, if any, authorized capital stock, and post-office address of all corporations, whether formed under the laws of this state or of any other state or country, a copy of the articles of incorporation of which is filed in his office and corporations which are authorized to do business in this state. He shall also report at said time all certificates of increase or decrease of capital stock or funded debt, dissolution, or other termination of corporate existence, change of name, consolidation and mergers, change of principal place of business, and such other information regarding corporations as said state board may require to assist it in making the assessments and levying the taxes as provided in section fourteen of article thirteen of the constitution of this state.

Secretary of state to report corporations, etc.

Owners of
franchises
to report:

3667. The owner or holder of every franchise subject to taxation as provided in section three thousand six hundred sixty-four *d* of this code, shall within ten days after the first Monday in March in each year make a written report to the state board of equalization, signed and sworn to by the holder or owner himself, if an individual, or by one of the copartners if such owner or holder is a copartnership, or by the president or vice president and the treasurer or secretary if the owner is a corporation, containing such a concise statement or description of every franchise possessed or enjoyed on said day by such owner or holder, as the state board of equalization may prescribe, a copy of the law, grant, ordinance, or contract under which the same is held, or if possessed or enjoyed under a general law, a reference to such law, a statement of any condition, obligation, or burden imposed upon such franchise, or under which the same is enjoyed, and containing also:

(1) Name.

1. The name of the company, its nature, whether a person or persons, a partnership (with names of partners), an association, or corporation, and under the laws of what state, territory, or country organized, the nature of its business, the location of its principal place of business, the names and post-office addresses of its president, secretary, auditor, treasurer, superintendent, and general manager, the location of its principal place of business in this state, the name and post-office address of its chief officer or managing agent in this state, and the names and addresses of all subsidiary companies whose property and business are operated by it.

(2) Capital
stock.

2. The amount of its authorized capital stock, the amount thereof issued and outstanding on the first Monday in March, and the amount paid in thereon or the value of the property received therefor.

(3) Funded
and other
debts.

3. The funded and floating debts and the interest paid thereon showing separately the debts of the operating company and of any subsidiary companies in this state on the thirty-first day of December last preceding.

(4) Market
value stocks
and bonds.

4. The market value of the stock and of the outstanding bonds, or, when said stock or bonds have no market value, the actual value thereof, for such periods and for such dates as the state board of equalization shall prescribe.

(5) Assessed
value of
property.

5. The assessed value of its property as shown by the last completed assessment roll in each county, city and county, and city in the state for the purposes of taxation, and if any property of such corporation be assessed and taxed outside of the State of California the place where assessed, the amount of such assessment and taxes there paid the current fiscal year.

(6) Actual
value of non-
assessable
property.
(7) Actual
value of
property
owned.

6. The market and actual value of all nonassessable real and personal property owned by such company.

7. The amount and actual value of all of said real and personal property referred to in the last two preceding subdivisions of this section that is owned and possessed by the company at the date of its report; also, the amount and actual

value of any other and additional real or personal property owned by the company at the date of said report.

8. The dividends paid during the year ending the thirty-first day of December last preceding, the surplus fund, if any, on said thirty-first day of December, or between such periods as the state board of equalization may determine. Those of the operating company and of each subsidiary company in this state to be shown separately.

(8) Divi-
dends.

9. The gross receipts from all sources for the year ending the thirty-first day of December last preceding, from the entire property and business, the gross receipts from such classes of business as the state board may designate, to be reported separately; also, the total gross receipts from intrastate business and from interstate business so far as the same relate to this state, the same to be separately stated.

(9) Gross
receipts.

10. The operating and other expenses.

(10) Operat-
ing ex-
penses.

11. The balances of profit and loss, between such periods as the state board of equalization may determine.

(11) Profit
and loss.

12. Such other matters as the state board of equalization may deem necessary in order to enable it to assess and levy the taxes provided for in section fourteen of article thirteen of the constitution of this state. The state board of equalization shall ascertain and determine from the foregoing reports or from the best information it can obtain the actual cash value on the first Monday in March of each such franchise, and shall assess and levy the taxes thereon in accordance with the provisions of subdivision (*d*) of section fourteen of article thirteen of the constitution of this state.

(12) Other
matters.

State board
to assess
franchises.

3667a. Every assessor or auditor shall, in the manner, at the times, and for the year required by the state board of equalization, report to said board upon such forms as may be prescribed by said board the valuation placed by him upon the property of any company subject to an assessment upon its franchise under the provisions of sections three thousand six hundred sixty-four *d* and three thousand six hundred sixty-seven of this code.

Assessor to
report to
state board.

3667b. If any company mentioned in section three thousand six hundred sixty-four of this code shall fail or refuse to furnish to the state board of equalization within the time prescribed by law the verified report provided for by law, the state board of equalization must note such failure or refusal in the record of assessments for state taxes provided for in section three thousand six hundred sixty-eight *a* of this code, and must make an estimate of the amount of the gross receipts, gross premiums, value of the shares of capital stock, or value of the franchises, of such company and must assess the same at the amount thus estimated, which assessment shall be the assessment upon which the taxes upon the property or franchise of the company for such year shall be levied and collected. And if in the succeeding year any such company shall again fail or refuse to furnish the verified report required

Arbitrary
assessment
in case of
failure or
refusal to
report.

Second
arbitrary.

by law, the state board shall make an estimate of the amount of the gross receipts, gross premiums, value of the shares of capital stock, or value of the franchises of such company, which estimate shall not be less than twice the amount of the estimate made by said board in the previous year, and shall note such failure or refusal as above provided, and the said estimate so made shall be the assessment upon which the taxes upon the property or franchise of the company for such year shall be levied and collected. In case of each succeeding consecutive failure or refusal the said board shall follow the same procedure until a true statement shall be furnished.

Succeeding years.

Penalty for failure or refusal to report.

Penalty for false report.

Any company failing or refusing to make and furnish any report prescribed by law to be made to the state board of equalization, or rendering a false or fraudulent report shall be guilty of a misdemeanor and subject to a fine of not less than three hundred dollars and not exceeding five thousand dollars for each such offense.

Any person required to make, render, sign, or verify any report, as aforesaid, who makes any false or fraudulent report, with intent to defeat or evade the assessment required by law to be made, shall be guilty of a misdemeanor, and shall for each such offense be fined not less than three hundred dollars and not more than five thousand dollars, or be imprisoned not exceeding one year in the county jail of the county where said report was verified, or be subject to both said fine and imprisonment, at the discretion of the court.

Extension of time for filing report.

3667c. The state board of equalization may, for good cause shown, by order entered upon its minutes, extend for not exceeding thirty days, the time fixed for filing any report required by said board.

State board to meet for assessment.

3668. The state board of equalization must meet at the state capitol on the first Monday in March of each year, and continue in open session from day to day, Sundays and holidays excepted, until the first Monday in July. Between the first Monday in March and the third Monday before the first Monday in July the board must assess and levy the taxes as and in the manner provided for in section fourteen of article thirteen of the constitution of this state, and sections of this code enacted to carry the same into effect.¹

Assessments, how made.

Banks in liquidation.

The assessments must be made to the company, person or association owning or operating the property subject to said tax, or, in the case of banks, banking associations, savings and loan societies and trust companies, to the stockholders therein; *provided, however*, that in the case of banks in liquidation the assessment shall be made to the receiver, trustee or officer in charge of such liquidation, as the case may be, as the representative of the stockholders thereof.

"Unknown."

If the name of the owner is unknown to the board, such assessment must be made to unknown owners.

¹State board loses jurisdiction after equalization and delivery of assessment roll to controller: *San Diego and Arizona Railway vs. State Board of Equalization*, 164 Cal. 41.

Clerical errors occurring or appearing in the name of any company, person, association, or stockholder whose property is correctly assessed, or in the making, or extension of any assessment upon the records of the state board of equalization, which do not affect the substantial rights of the taxpayer, shall not invalidate the assessment.

Clerical errors in name.

Provided, however, that if any bank shall by resolution of its board of directors, request the state board of equalization to assess to and in the name of such bank so requesting, the entire taxable value of all the shares of the capital stock of such bank, as determined by said state board, instead of assessing such shares to and in the name of the individual stockholders or shareholders owning the same, and if such bank shall promise that it will, upon being notified by said state board, of such assessment thereof to said bank, and of the amount of taxes to be paid upon such assessment, pay such taxes at the times when taxes assessed and levied under the provisions of section fourteen of article thirteen of the constitution of this state and sections of this code enacted to carry the same into effect are due and payable, which request to assess said bank and promise to pay said tax shall be in substantially the following form:

Bank waiver of assessment to individual stockholders.

The state board of equalization is hereby instructed to assess in the name of this bank and not to the individual stockholders or shareholders therein, the taxable value of all the shares of capital stock in this bank and such bank hereby promises to pay to the state treasurer the amount of the tax levied upon such assessment when such taxes are due and payable under the laws of this state.

Form of waiver.

By (here insert title of official signing.)

Then the state board may assess the capital stock to and in the name of such bank and said promise to pay the taxes shall be binding upon such bank and collection of such taxes from such bank may be enforced in the manner and by the same method as is provided for the collection of other taxes assessed and levied under the provisions of section fourteen of article thirteen of the constitution of this state and sections of this code enacted to carry the same into effect.

Assessment to be in name of bank.

On the third Monday before the first Monday in July the said board shall publish a notice in one daily newspaper of general circulation published at the state capital, in one daily newspaper of general circulation published in the city and county of San Francisco, and in one daily newspaper of general circulation published in the city of Los Angeles, that the assessment of property for state taxes has been completed, and that the record of assessments for state taxes will be delivered to the controller on the first Monday in July, and that if any company, person, or association is dissatisfied with the assessment made by the board, it may, at any time before the taxes thereon shall become due and payable, apply to the board to have the

Board to publish notice of completion of assessment.

Correction of assessments.

Record of assessments for state taxes.

Controller, delivery of roll to.

Certifying to assessment roll.

Failure to certify to record of assessments.

Taxes, when due and when delinquent.

same corrected in any particular. The board shall have power at any time on or before the first Monday in July to correct the record of assessments for state taxes and may increase or decrease any assessment therein if in its judgment the evidence presented or obtained warrants such action.

3668a. The state board of equalization must prepare each year a book, in one or more volumes, to be called the "record of assessments for state taxes," in which must be entered, either in writing or printing, or by both writing and printing, each assessment and levy made by said board upon the property and franchises mentioned in section three thousand six hundred sixty-four of this code, describing the property assessed, and such assessments shall be classified and entered, in such separate parts of said record as the board shall prescribe. On the first Monday in July the secretary of the state board of equalization must deliver to the controller of state the record of assessments for state taxes, certified to by the chairman and secretary of the board, which certificate shall be substantially as follows: "We, _____, chairman, and _____, secretary, of the state board of equalization of the State of California do hereby certify that between the first Monday in March and the first Monday in July, 19____, the state board of equalization made diligent inquiry and examination to ascertain all property and companies subject to assessment and taxation for state purposes, as required by the constitution of this state; that said board has faithfully complied with all the duties imposed upon it by the constitution and laws of the State of California; that said board has not imposed any unjust or double assessment through malice or ill-will, or otherwise; nor allowed any company or property to escape a just assessment through favor or reward, or otherwise."

But the failure to subscribe such certificate to such record of assessments for state taxes, or any certificate, shall not in any manner affect the validity of any assessment. Such record of assessments shall constitute the warrant for the controller to collect the taxes assessed and levied upon the property and franchises mentioned in section three thousand six hundred sixty-four of this code.

3668b. The taxes assessed and levied as provided in section fourteen of article thirteen of the constitution of this state, and in and by the provisions of this code enacted to carry the same into effect, shall be due and payable on the first Monday in July in each year, and one-half thereof shall be delinquent on the sixth Monday after said first Monday in July at six o'clock p.m., and unless paid prior thereto, fifteen per cent shall be added to the amount thereof, and unless paid prior to the first Monday in February next thereafter at six o'clock p.m., an additional five per cent shall be added to the amount thereof; and the unpaid portion, or the remaining one-half of said taxes shall become delinquent on the first Monday in February

next succeeding the day upon which they became due and payable, at six o'clock p.m.; and if not paid prior thereto five per cent shall be added to the amount thereof; *provided*, that all taxes provided for or levied under said section fourteen of article thirteen of the constitution of this state and the provisions of this code enacted to carry the same into effect which are not fully secured by real property are due and payable at the time the assessment is made. When in the opinion of the state board of equalization any of the taxes provided for in this section are not a lien upon real property sufficient to secure the payment of the taxes, said board may direct the controller, or his duly authorized representative, to collect the same at any time before the first Monday in August thereafter, and the controller may collect the taxes by seizure and sale of any property owned by the company against whom the tax is assessed.

The sale of any property so seized shall be made at public auction and of a sufficient amount of the property to pay the taxes, penalties and costs, and be made after one week's notice of the time and place of such sale given by publication in a newspaper of general circulation published in the county where the property seized is situate, or if there be no newspaper of general circulation published in such county, then by posting of such notice in three public places in such county.

Said notice shall contain a description of the property to be sold together with a statement of the amount of the taxes, penalties and costs due thereon and the name of the owner of said property and a further statement that unless the taxes, penalties and costs are paid on or before the day fixed in said notice for such sale of said property, or so much thereof as may be necessary to pay said taxes, penalties and costs, said property will be sold in accordance with law and said notice.

On payment of the price bid for any property sold, the delivery thereof with bill of sale executed by the controller vests the title in the purchaser. The unsold portion of any property so seized, may be left at the place of sale at the risk of the owner. All of the proceeds of any such sale in excess of the taxes, penalties, and costs, must be returned to the owner of the property sold, and until claimed must be deposited with the state treasurer, as trustee for such owner, and subject to the order of the owner thereof, his heirs, or assigns.

Within ten days after the receipt of the record of assessments for state taxes, the controller must begin the publication of a notice to appear daily for two weeks, in one daily newspaper of general circulation published at the state capital, in one daily newspaper of general circulation published in the city and county of San Francisco, and in one daily newspaper of general circulation published in the city of Los Angeles, specifying:

1. That he has received from the state board of equalization the record of assessments for state taxes.

Taxes not secured by real estate may be collected on assessment.

Sale of property for taxes.

Contents of notice.

Bill of sale and disposition of residue of property.

Controller to publish notice when taxes are due.

Contents of above notice.

2. That the taxes therein assessed are due and payable on the first Monday in July and that one-half thereof will be delinquent on the sixth Monday after the first Monday in July at six o'clock p.m., and that unless paid to the state treasurer at the capital prior thereto, fifteen per cent will be added to the amount thereof, and unless paid prior to the first Monday in February next thereafter at six o'clock p.m., an additional five per cent will be added to the amount thereof; and that the remaining one-half of said taxes will become delinquent on the first Monday in February next succeeding the day upon which they became due and payable, at six o'clock p.m.; and if not paid to the state treasurer at the capital prior thereto, five per cent will be added to the amount thereof.

Taxes a
lien.

Tax has
effect of a
judgment.

Bankruptcy
and
dissolution.

Taxes to be
paid to
state
treasurer.

No deduc-
tions for
bond taxes.

Taxes
marked
paid.

Controller
to receipt
for taxes.

3668c. The taxes levied under the provisions of section fourteen of article thirteen of the constitution of this state and sections of this code enacted to carry the same into effect shall constitute a lien upon all the property and franchises of every kind and nature belonging to the companies subject to taxation for state purposes, which lien shall attach on the first Monday in March of each year. Every tax herein provided for has the effect of a judgment against the company, and every lien created by the constitutional and statutory provisions aforesaid has the effect of an execution duly levied against all property of the delinquent; the judgment is not satisfied nor the lien removed until such taxes, penalties, and costs are paid, or the property sold for the payment thereof. No final discharge in bankruptcy or decree of dissolution shall be made and entered by any court, nor shall the county clerk of any county or the secretary of state file any such discharge or decree, or file any other document by which the term of existence of any corporation shall be reduced or terminated until all taxes, penalties, and costs due on assessments made under the constitutional and statutory provisions aforesaid shall have been paid and discharged.

3669. 1. All taxes assessed and levied under the provisions of section fourteen of article thirteen of the constitution of this state and sections of this code enacted to carry the same into effect shall be paid to the state treasurer, upon the order of the controller, without deduction for any taxes assessed and levied to pay the principal and interest of any bonded indebtedness mentioned in subdivision (c) of section fourteen of article thirteen of the constitution of this state, and the amount due to the cities, cities and counties, counties, towns, townships, and districts on account of said taxes assessed and levied for such bonded indebtedness shall be paid to said cities, cities and counties, counties, towns, townships, or districts in the manner provided by law. The controller must mark the date of payment of any tax on the record of assessments for state taxes.

2. The controller must give a receipt to the person paying any tax, or any part of any tax, specifying the amount of the assessment and the tax, or part of tax, paid, and the amount

remaining unpaid, if any, with a description of the property assessed; *provided*, that the receipt for the second half of the taxes may refer, by number or in any other intelligible manner, to the receipt given for the first half of said taxes, in lieu of a description of the property assessed.

3. Whenever any taxes, penalties, or costs collected and paid to the state treasurer as hereinbefore provided, shall have been paid more than once, or shall have been erroneously or illegally collected, or when any taxes shall have been collected and paid pursuant to said provisions of law upon a computation erroneously made by reason of clerical mistake of the officers or employees of the state board of equalization, or shall have been computed in a manner contrary to law, the state board of equalization shall certify to the state board of control the amount of such taxes, penalties, or costs, collected in excess of what was legally due, from whom they were collected or by whom paid, and if approved by said board of control, the same shall be credited to the company or person to whom it rightfully belongs, at the time of the next payment of taxes. No claim for such credit shall be so audited, approved, allowed, or paid unless presented within one year after the payment sought to be refunded.

4. In case the assessment of any property or any company is duplicated upon the record of assessments for state taxes, or there appears thereon the assessment of any company whose charter has been forfeited or right to do business in this state has been forfeited, or the assessment of any company which, for any reason, could not be legally assessed, the state board of equalization or the controller shall certify such fact to the state board of control and said board of control shall authorize the cancellation of such assessment.

3669a. 1. Any company, person or association claiming and protesting as herein provided that the assessment made against him or it by the state board of equalization is void in whole or in part may bring an action against the state treasurer for the recovery of the whole or any part of such tax, penalties or costs paid on such assessment upon the grounds stated in such protest, but no such action may be brought later than the third Monday in February next following the day on which the taxes were due, nor unless such company, person or association shall have filed with the state controller at the time of payment of such taxes a written protest stating whether the whole assessment is claimed to be void, or if a part only, what part, and the grounds upon which such claim is founded; and when so paid under protest the payment shall in no case be regarded as voluntary.¹

2. Whenever under the provisions of this section an action is commenced against the state treasurer, a copy of the complaint and of the summons must be served upon the treasurer,

¹Remedy is not exclusive: *San Diego and Arizona Railway Company vs. State Board of Equalization*, 165 Cal. 560.

Taxes
erroneously
collected.

Method of
correction.

Limitation
of time.

Cancellation
of erroneous
assessment.

Protest of
taxes.

Limitation.

Contents of
protest.

Action to
recover
taxes.

or his deputy. At the time the treasurer demurs or answers, he may demand that the action be tried in the superior court of the county of Sacramento, which demand must be granted. The attorney general must defend the action. The provisions of the Code of Civil Procedure relating to pleadings, proofs, trials, and appeals are applicable to the proceedings herein provided for. A failure to begin such action within the time herein specified shall be a bar against the recovery of such taxes. In any such action the court shall have power to render judgment for plaintiff for any part or portion of the tax, penalties or costs found to be void and so paid by plaintiff upon such assessment.¹

3. In no case shall any judgment be rendered in favor of plaintiff in any action brought against the state treasurer to recover any tax, when said action is brought by or in the name of an assignee of the person, company or corporation paying said tax, or by any person, company or corporation other than the person, company or corporation that has paid said tax.

3669b. 1. Every assessment of property made after November 8, 1910, under the provisions of section fourteen, article thirteen of the constitution and under the provisions of any law enacted to carry into effect said section of the constitution which is, or may hereafter be adjudged to be invalid by reason of any illegality, invalidity, or irregularity, declared or existing, in the assessment of such property, or in the mode provided for the assessment thereof, shall be remade and the property reassessed and equalized for each year for which such assessment is invalid as aforesaid, and for the year for which the assessment of such property was invalid as aforesaid, and such reassessment and equalization shall be made by the same officers and boards, at the same time or times, as are prescribed by law for the assessment and equalization of property, of the same classes or kinds as the property which hereby is required to be reassessed. The assessment and equalized assessment of such property shall be entered on the several assessment rolls or books in the same manner that assessments of such property are or were required by law to be entered for the year or years for which such reassessments shall be made. And there is hereby levied for state purposes the same rates of taxation for each of such respective years as were levied upon such property for each of said years for said state purposes.

2. All property herein and hereby authorized to be reassessed shall be reassessed and equalized by the proper officers and boards at the value to which and to the person or corporation to whom or to which such property ought, for each of such years, to have been assessed, under such rules of notice and at the times and in the modes as are prescribed for the assessment and equalization of like classes of property; and the assess-

¹See *Westinghouse Electric and Manufacturing Company vs. Chambers, Controller*, 169 Cal. 181.

ment and equalization thereof, and the levy and collection of taxes thereunder, shall be made by the proper officers at the time, upon like notice and in the manner now or hereafter provided by law for making assessments and equalizing the same, and for the levy and collection of taxes on like classes of property; and if the taxes so relieved shall become delinquent, there shall be added thereto and the amount thereof the same percentage as a penalty for such delinquency as is added to other delinquent taxes on like classes of property; and such delinquent taxes and penalties added thereto shall be collected by the proper officers in the manner now or hereafter provided by law for the collection of delinquent taxes and penalties upon like classes of property, the collectors of such taxes to allow as credits thereon all payments theretofore made on the tax as first levied.

3. There shall be no limitation or limitations as to the time in which actions for the collections of taxes levied under this section may be commenced, and all the provisions of law now or hereafter provided in respect to assessments, equalization, levy, and collection of taxes shall, where applicable, apply to reassessments, equalization, and relieves and collections of taxes made under the provisions of this section.

3669c. 1. Within ten days after the first Monday in February, the controller shall send by mail to the last known address of any company whose taxes are delinquent a notice of the amount of said taxes, penalties, and costs, and that if the said taxes, penalties, and costs are not paid on or before the Saturday preceding the first Monday in March next thereafter at six o'clock p.m. of said day, the corporate powers, rights and privileges of such delinquent company, if it be a domestic corporation, will be at that time suspended and thereafter incapable of exercise, and that if the delinquent company be a foreign corporation it will thereupon forfeit its right to do intrastate business in this state. If the taxes, penalties, and costs are not paid within the time specified in said notice, the controller shall, on said Saturday preceding the first Monday in March at six o'clock p.m. of said day, mark on the record of assessments for state taxes opposite the assessment of the delinquent corporation the words "corporate powers suspended," if the delinquent corporation be a domestic corporation, and thereupon said corporate powers shall be suspended and incapable of exercise until restored as hereinafter provided; and if the delinquent corporation be a foreign corporation the controller shall mark on the record of assessments for state taxes opposite the assessment of such delinquent corporation the words "right to do intrastate business forfeited" and thereupon said right to do such business shall be so forfeited. He shall at once report to the secretary of state the name and number of charter of each corporation whose corporate powers have been suspended or right to do business has been forfeited for nonpayment of taxes.

Duty of controller.

On or before the first Monday in April of each year the controller shall make a list of all corporations subject to the tax imposed under sections three thousand six hundred sixty-four *a*, three thousand six hundred sixty-four *b*, three thousand six hundred sixty-four *c*, and three thousand six hundred sixty-four *d* of this code and which have failed to pay the same and transmit a certified copy thereof to each county clerk and county recorder in this state. Said county clerks and county recorders shall file such certified copies in their respective offices in such manner that the same shall be preserved in the form of a permanent record of such office and easily identified by and available to the public. Said copies so certified by the controller and filed as herein provided shall in the case of each corporation state whether such corporation is a domestic or foreign corporation and specify the penalty which each corporation has incurred for failure to pay the tax imposed by this act. Such certified copies so filed with either of said county officers, or any copy thereof certified by the controller shall be received in evidence in any court in lieu of the original record on file with the controller and shall be prima facie evidence of the truth of all statements contained therein.

Duty of clerks and recorders.

Copies, evidence of what.

Final suspension and forfeiture.

Revivor by foreign corporation.

Penalty for exercising corporate powers after suspension or forfeiture.

2. After six o'clock p.m. of the Saturday preceding the first Monday in March in any year, the corporate rights, privileges and powers of every domestic corporation which has failed to pay said tax and money penalty shall, from and after said hour of said day, be suspended, and incapable of being exercised for any purpose or in any manner, except to defend any action brought in any court against such corporation, until said tax with all accrued penalties, and all taxes and charges due the state under the corporation license act are paid as hereinafter provided. The right and privilege of every foreign corporation to transact intrastate business in this state shall, for failure to pay said tax and money penalty, be forfeited at said hour of said day, and the controller shall make a record of such forfeiture. In the case of foreign corporations such forfeiture may be relieved and the corporation's privilege to transact intrastate business in this state restored in the manner hereinafter provided. After said hour of said day and until such taxes, penalties and charges are paid, every person who attempts or purports to exercise any of the rights, privileges or powers of any delinquent corporation, or, who transacts or attempts to transact any intrastate business in this state in behalf of any forfeited foreign corporation, shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not less than two hundred fifty dollars and not exceeding one thousand dollars, or by imprisonment in the county jail not less than fifty days or more than five hundred days, or by both such fine and imprisonment. The jurisdiction of such offense shall be held to be in any county in which any part of such attempted exer-

cise of such powers, or any part of such transaction of business was had or occurred. Every contract made in violation of this section is hereby declared to be void.

Contracts void.

3. All corporate powers, rights and privileges suspended, or forfeited may be revived and restored to full force and effect by the payment of all accrued taxes and penalties due to the state under sections three thousand six hundred sixty-four *a*, three thousand six hundred sixty-four *b*, three thousand six hundred sixty-four *c*, and three thousand six hundred sixty-four *d* of this code and the corporation license act. In case the application for such revivor and restoration is not made during the year in which such suspension or forfeiture occurred, such application shall not be granted nor a certificate of revivor issued to such corporation until there is paid to the controller in addition to said tax and money penalty due the state under said sections of this code for the year in which such suspension or forfeiture occurred, a sum of money equal to the tax, without penalty, imposed under the provisions of said sections of this code during the year in which such suspension or forfeiture occurred, for each year succeeding said year in which such suspension or forfeiture occurred. Upon payment of all such taxes and penalties, and upon payment of all other taxes due the state under the corporation license act of this state, the state controller shall issue a certificate under his seal evidencing such payment and restoration, which certificate, when recorded in the office of any county recorder shall constitute a release of all existing liens for such taxes upon the property of such corporation. Each county recorder shall keep an index of all such controller's certificates recorded by him. Upon presentation of such controller's certificate of revivor to any county clerk said officer shall make a record thereof in his office in a book kept for such purpose. The record so made by said county clerk shall be prima facie evidence of the restoration to such corporation of all previously suspended or forfeited rights, powers and privileges unless it appears from the records in the office of such county clerk or of the secretary of state that subsequent to the date of such certificate of revivor the powers of said corporation have been suspended or its right to do intrastate business forfeited.

Relief from forfeiture or suspension.

Certificate of revivor.

Recordation.

Duty of clerk and recorder.

4. The controller may, on or before the thirtieth day of April next following said delinquency and suspension or forfeiture, bring an action in a court of competent jurisdiction in the county of Sacramento in the name of the people of the State of California, to collect any delinquent taxes, together with any penalties, or costs, which have not been paid in accordance with the provisions of this code and appearing delinquent upon the record of assessments for state taxes hereinbefore mentioned.

Controller to sue for delinquent taxes.

The attorney general must prosecute such action, and the provisions of the Code of Civil Procedure relating to service

of summons, pleadings, proofs, trials, and appeals are applicable to the proceedings herein provided for. In such action a writ of attachment may be issued, and no bond or affidavit previous to the issuing of said attachment is required.

In the case of companies whose right to do business has been forfeited or corporate powers suspended, service of summons may be made upon the persons provided for by law to be served as agents or officers of any of such companies and such persons shall be deemed to be the agents of such companies for all purposes necessary in order to prosecute such action. In the case of corporations whose powers have been suspended, the persons constituting the board of directors thereof shall have the power and right to defend such action. Payment of the taxes and penalties, or amount of the judgment recovered in such action must be made to the state treasurer. In such actions the record of assessments for state taxes, or a copy of so much thereof as is applicable in said action, duly certified by the controller, or by the secretary of the state board of equalization, showing unpaid taxes against any company, person or association assessed by the state board of equalization, is prima facie evidence of the assessment upon the property and franchises, the delinquency, the amount of the taxes, penalties, and costs due and unpaid to the state, and that the company, person, or association is indebted to the people of the State of California in the amount of taxes and penalties therein appearing unpaid, and that all the forms of law in relation to the assessment and levy of such taxes have been complied with.

3669*d*. 1. Any corporation which has heretofore failed to pay any tax and penalty imposed under the provisions of section fourteen, article thirteen, of the constitution, and chapter three hundred thirty-five, Statutes 1911 and amendments thereof, and for such nonpayment suffered a forfeiture of the charter of such corporation or of its right to do business in this state, may be relieved of such forfeiture, or may be restored to its right to do business in this state, upon making application therefor in writing and paying the tax and penalties for non-payment of which such forfeiture occurred. Application for restoration, under the provisions of this section, shall be made in writing, shall be signed by four-fifths of the surviving trustees or directors of said corporation, duly verified by said trustees or directors, and filed with the state controller. In case such application for revivor is made in any year other than the year in which such forfeiture occurred then upon payment of twice the amount of the tax and penalty due the state for the year in which such forfeiture occurred, together with the amount of the license fee due the state under the corporation license tax act for the year in which such forfeiture occurred and for the year in which such revivor is sought, the state controller shall issue a certificate of revivor to such cor-

May attach.

Service of summons.

Right of defense.

Payment of tax.

Assessment roll evidence of what.

Revivor of charter forfeited on and prior to March 3, 1917.

Application, how made.

What taxes to be paid.

poration, and thereupon such corporation is revived and its powers restored to full force and effect.

The revivor of a corporation under the provisions of this section shall be without prejudice to any action or proceeding, defense or right, which has occurred by reason of the original forfeiture.

2. In case the name of any corporation which has suffered a forfeiture under the provisions of chapter three hundred thirty-five, Statutes of 1911 or amendments thereof, has been adopted by any other corporation since the date of said forfeiture, or in case any corporation has adopted subsequent to such forfeiture any name so closely resembling the name of such reviving corporation as will tend to deceive, then such reviving corporation shall be entitled to a certificate of revivor pursuant to the terms of this section only upon the adopting by such corporation seeking revivor of a new name, and in such case nothing in this section contained shall be construed as permitting such reviving corporation to carry on any business under its former name. Such reviving corporation shall have the right to use its former name or take such new name only upon filing an application therefor with the secretary of state, and upon the issuing of a certificate to such corporation by the secretary of state, setting forth the right of such corporation to take such new name or use its former name as the case may be. The secretary of state shall not issue any certificate permitting any corporation to take or use the name of any corporation heretofore organized in this state and which has not suffered a forfeiture under either of the acts in this section first above mentioned, or to take or use a name so closely resembling the name of any corporation heretofore organized in this state as will tend to deceive.

The provisions of title nine, part three of the Code of Civil Procedure, in so far as they conflict with this section of this code are not applicable to corporations seeking revivor under this section.

3669*e*. In addition to the powers and duties prescribed elsewhere in this code, it is the duty of the state board of equalization, and the said board shall have power, for carrying into effect the provisions for assessments under section fourteen of article thirteen of the constitution of this state:

1. To prescribe the forms upon which the reports required by sections three thousand six hundred sixty-five *c*, three thousand six hundred sixty-six *b* and three thousand six hundred sixty-seven of this code shall be made.

2. Whenever deemed necessary, to visit as a board, or by the individual members thereof, or to send its secretary or duly appointed representative to any portion of this state for the purpose of inspecting property and learning the value thereof, and of collecting information to enable it to justly assess and levy the taxes provided for as aforesaid.

Without prejudice.

Resumption of former name, when permitted.

Duty of secretary of state.

C. C. P. not applicable.

Powers and duties of state board.

(1) Prescribe forms.

(2) Inspect property.

(3) Summon public officials,

3. To call before it, or any member thereof, or before its secretary or duly appointed representative on such visit, any public official, and to require him to produce any public record, papers or documents in his custody.

(4) Issue subpoenas,

4. To issue subpoenas for the attendance of witnesses or the production of books before the board, or any member thereof; which subpoenas must be signed by a member of the board and may be served by any person.

(5) Require attendance of witnesses and production of books,

5. To require any person having knowledge of the business of any of the companies mentioned in section fourteen of article thirteen of the constitution of this state, or having the custody of the books and accounts of such companies, to attend before the board or any member thereof, or before the secretary or the duly appointed representative of said board and bring with him for inspection any books, or papers, of such company in his possession or under his control, and to testify under oath touching any matter relating to the assessment to be made under the provisions of the constitution aforesaid. A member of the board, its secretary, or duly appointed representative is authorized to administer such oath.

(6) Examine books and accounts,

6. Said board of equalization is hereby authorized and empowered to examine the books and accounts of all companies required by law to report to it and to employ an expert accountant or accountants to assist in the examination of the books and accounts of any such companies when in the judgment of said board the exigencies of the case may so require.

(7) Unlawful for members or employees to divulge information.

7. It shall be unlawful for any member or ex-member of the state board of equalization, or for any agent employed by it, or for the controller, or ex-controller, or for any person employed by him or for any person who may at any time have obtained such knowledge from any of the foregoing officers or persons, to divulge or make known in any manner whatever not provided by law, any of the following items of information concerning the business affairs of companies reporting to the said board:

(a) Any information concerning the business affairs of any company which is gained during an examination of its books and accounts or in any other manner, and which information is not required to be reported to the state board of equalization in the reports or statements provided for in paragraphs numbered one to twelve of section three thousand six hundred sixty-five *c* and paragraphs numbered one to ten of section three thousand six hundred sixty-seven of this code.

(b) Any information, other than the assessment and the amount of taxes levied, obtained by the state board of equalization in accordance with the provisions of sections three thousand six hundred sixty-five *c* and three thousand six hundred sixty-seven of this code, from any company other than any of those enumerated in sections three thousand six hundred sixty-four *a*, three thousand six hundred sixty-four *b* and three thousand six hundred sixty-four *c* of this code.

(c) Any particular item or items of information relating to the disposition of its earnings contained in the report of a quasi-public corporation which any such corporation may, by written communication specifying the items and presented at the time when it files its report, request shall be treated as confidential.

Provided, however, that the governor may authorize examination of such reports by other state officers, in which event the information obtained by such officer shall not be made public, and he may also direct that any of the information herein referred to be made public, in which event it shall no longer be unlawful to divulge or make known the same.

Governor may disclose information.

Any violation of the provisions of subdivision seven of this section shall be a misdemeanor and shall be punished by a fine not exceeding five hundred dollars, or by imprisonment not exceeding six months, or both, at the discretion of the court.

Penalties.

3670. On the second Monday in August of each year the auditor of each county must report to the state board of equalization, in addition to the items required to be so reported by him under section three thousand seven hundred and twenty-eight of this code, the value of each piece of real estate other than mortgage interests therein belonging to each bank in his county as assessed and equalized for purposes of county taxation.

County auditors to report assessments of real estate of bank.

Whenever the state board of equalization is satisfied after investigation that any county assessor, or board of equalization, has assessed any real estate belonging to any bank above its full cash value and has thereby unjustly reduced the amount of taxes due the state from said bank, said state board shall, under such rules of notice to the clerk of the board of supervisors of the county affected thereby as the said state board shall deem reasonable, equalize the assessed value of such real estate and shall upon completion of said equalization issue an order to said assessor or board of equalization and to the county auditor of the county in which said real estate is located, fixing the assessed value of said real estate.

State board to equalize such assessments.

The value so equalized and fixed, and no other, shall be deemed the value, as assessed for county taxes, of such real estate, and the sole basis of taxation upon such real estate for county taxes.

Equalized value.

A copy of the order certified by the secretary of the state board of equalization shall be prima facie evidence of the regularity of all proceedings of the board resulting in the action which is the subject matter of the order.

3670a. The state board of equalization shall immediately after the county and city assessments have been completed, ascertain the value of any real estate belonging to any insurance company as assessed and equalized for purposes of county and of city taxation.

State board to equalize assessments of real estate of insurance companies.

Whenever the state board of equalization is satisfied after investigation that any county, city and county, city, or district assessor, or board of equalization, has assessed any real estate belonging to any insurance company above its full cash value and has thereby unjustly reduced the amount of taxes due the state from said insurance company, said state board shall, under such rules of notice to the clerk of the board of supervisors of the county or the proper officer of the city affected as the board shall deem reasonable, equalize the assessed value of such real estate and shall upon the completion of said equalization, issue an order to said assessor or board of equalization and to the county, city and county, city or district auditor or clerk of the county, city and county, city, or district in which said real estate is located, fixing the assessed value of said real estate.

Equalized
value.

The value so equalized and fixed, and no other, shall be deemed the value, as assessed for county, city and county, city, or district taxes, of such real estate, and the sole basis of taxation upon such real estate, for county, municipal and district taxes.

A copy of the order certified by the secretary of the state board of equalization shall be prima facie evidence of the regularity of all proceedings of the board resulting in the action which is the subject matter of the order.

Assessors to
segregate on
assessment
roll:

3670b. Each county, city and county, city, and district assessor must segregate on his assessment roll, as directed by the state board of equalization:

(1) Assess-
ment of
railroads as
made by
state board.

1. The assessments made by the state board of equalization, and apportioned to the county, city and county, city, town, township, or district, upon the franchises, roadway, roadbed, rails and rolling stock of all railroads operated in more than one county in this state under the provisions of the Political Code as the same existed and were in force on the seventh day of November in the year one thousand nine hundred ten; and

(2) Assess-
ment of
public
service
corpora-
tions'
property
subject to
bond tax.

2. The assessments made by said assessors of any other property enumerated in subdivisions (a), (b), and (d) of section fourteen of article thirteen of the constitution of this state, which is located in the county, or city and county, or any city, town, township, or district in which it is subject to taxation for paying the principal and interest of any bonded indebtedness created and outstanding by any city, city and county, county, town, township, or district prior to the eighth day of November in the year one thousand nine hundred ten, as provided in subdivision (c) of section fourteen of article thirteen of the constitution of this state.

Duplicate to
be sent to
state board.

Immediately upon completion of the assessment and equalization of property for the purposes of taxation in each year the auditor or clerk of each county, city and county, city, town, or district must transmit to the state board of equalization a duplicate of that part of the assessment roll containing

the assessments and apportionments referred to in paragraphs one and two of this section.

Whenever the state board of equalization is satisfied after investigation that any county, city, or other assessor, or board of equalization, has assessed for taxation to pay the principal and interest of any bonded indebtedness created and outstanding by any county, city and county, city, town, township, or district prior to the eighth day of November in the year one thousand nine hundred ten, as provided in subdivision (c) of section fourteen of article thirteen of the constitution of this state, any of the property taxed exclusively for state purposes as provided in subdivisions (a), (b) and (d) of section fourteen of article thirteen of the constitution of this state, or has assessed for purposes of county, city and county, city, or district taxation the property other than the franchise of any company taxable for a franchise under subdivision (d) of said section and article of the constitution, above its full cash value and has thereby unjustly reduced the amount of taxes due the state on such property, said state board shall, under such rules of notice to the clerk of the board of supervisors of the county, or city and county, or to the city clerk of the city affected thereby as the board shall deem reasonable, equalize the assessed value of such property, and shall issue an order to said assessor or board of equalization and to the county or city auditor or clerk of the county, city and county, or city in which the property is located, fixing the assessed value of such property.

State board
to equalize
assessments
made for
bond
purposes.

The value so equalized and assessed, and no other, shall be deemed the value of said property, and its assessment for taxes levied to pay the principal and interest of any such outstanding bonded indebtedness, and in the case of companies taxable for a franchise under said subdivision (d) of said section and article of the constitution shall be deemed the value of the said property, and its assessment for taxes for county, city and county, municipal and district purposes.

Equalized
value.

When making the tax levy and fixing the rates of taxation for county, city and county, city, town, township, or district purposes, the board of supervisors of any county, or city and county, and the corresponding authority in any city, having bonded indebtedness issued and outstanding on the eighth day of November in the year one thousand nine hundred ten, shall fix the tax rate for such bonded indebtedness separate and apart from all other tax rates, whether for subsequent bonded indebtedness or for other purposes.

Tax rates
for bonds to
be separate
from other
rates.

The county, city and county, or city auditor or clerk shall extend on the assessment roll against the assessments segregated as herein provided, the taxes necessary to pay the principal and interest of said bonded indebtedness at the same rate as said taxes for payment of principal and interest of said outstanding bonded indebtedness shall be levied upon the other

Same tax
rate to
apply to all
property
for bond
purposes.

Duty of controller.

Taxes to be marked "paid."

State to pay part of principal and interest of outstanding bond debts.

Controller to settle in October and March.

classes of property within the same county, city and county, city, town, township, or district, and the amount of each such taxes shall be certified by said auditor or clerk to the controller and the amount so certified shall then be credited by the controller to the county, city and county, city, town, township, or district to which it is due; and said amount shall be paid by said controller to the treasurer of such county, or city and county as provided in section three thousand six hundred seventy c of this code, and upon such payment said treasurer shall forthwith certify such fact to the tax collector who shall thereupon mark upon the assessment roll the date of payment and the words "paid by the state treasurer." The city clerk or auditor shall in the certificate mentioned in this paragraph also state the date when taxes in such city shall become delinquent.

3670c. 1. The controller shall out of the taxes collected by him under the provisions of section fourteen of article thirteen of the constitution of this state and the provisions of the sections of this code applicable thereto, credit to the fund created by an act of the thirty-ninth session of the legislature entitled: "An act appropriating money for the purpose of payment of that part of the principal and interest of any bonded indebtedness created and outstanding by any city, city and county, county, town, township or district on the eighth day of November in the year one thousand nine hundred ten, which is provided for in section fourteen of article thirteen of the constitution of this state, and as provided in an act of the thirty-ninth session of the legislature entitled 'An act to carry into effect the provisions of section fourteen of article thirteen of the constitution of the State of California as said constitution was amended November 8, 1910, providing for the separation of state from local taxation, and providing for the taxation of public service and other corporations for the benefit of the state, all relating to revenue and taxation,'" or any act or acts amendatory thereof or supplementary thereto, the money due to each county, city and county, city, town, township, or district on account of taxes to pay the principal and interest of any bonded indebtedness created and outstanding by any city, city and county, county, town, township or district, on the eighth day of November in the year one thousand nine hundred ten.

2. The controller shall in the months of October and March in each year settle with the treasurer of each county and city and county for the money collected by said controller under this section, for the moneys due said county or city and county and the townships and districts within such county or city and county, in the same manner as settlements are made between the county or city and county treasurers and the controller as provided for in section three thousand eight hundred sixty-six of this code.

3. The controller shall at the same times, settle with each city and town for the moneys due such city or town for the purposes mentioned in this section, and when ready for such settlement shall notify the city or town treasurer of the amount of money due the city or town for said purposes, and that upon receipt of proper authority so to do, he will forward to said city or town treasurer a warrant for the amount thereof; *provided, however*, that upon receipt of notice from any such city or town treasurer that any bond issue matures for principal or interest before the date of such settlement, which notice shall state the amount thereof due from the state and the date of maturity, and that said amount due from the state is required in order to pay the same, the said controller must, before said date of maturity, forward his warrant to such city or town treasurer in the manner above provided for the amount ascertained by him to be due. The treasurer of the county or city and county shall forthwith, upon receipt by him of the moneys so hereinbefore directed to be paid by said controller, credit the amount so received by him to the county, city and county, township or district, respectively entitled thereto, and pay the same in the manner provided by law.

4. Any excess paid by the controller to a county, city and county, city, town, or to a county or city and county or any township or district, over and above the state's share of the amount actually expended by such county, city and county, city, town, township or district, to pay the interest and principal of said bonded indebtedness in any year, shall be repaid to the state in such manner as the controller shall direct.

3671. Until the year one thousand nine hundred eighteen the state shall reimburse any and all counties which sustain loss of revenue by the withdrawal of railroad property from county taxation for the net loss in county revenue occasioned by the withdrawal of railroad property from county taxation in the manner, at the times, and in the amounts specified in an act of the thirty-ninth session of the legislature entitled "An act to provide for the reimbursement of counties in this state which sustain net loss of revenue by the withdrawal of railroad property from county taxation, under the provisions of section fourteen of article thirteen of the constitution of this state," or any act or acts amendatory thereof or supplementary thereto.

3671a. The provisions of section three thousand eight hundred seventy-six of the Political Code shall not apply to the settlements made with the state treasurer under sections three thousand six hundred seventy c and three thousand six hundred seventy-one of this code, but the county board of supervisors may if it deem necessary allow the county treasurer the actual expenses incurred in collecting the money due the county from the state.

Settlement with cities and towns.

Provide as to cities and towns.

Excess paid by state.

State to reimburse counties.

State not to pay county treasurers' expenses.

Counties to
reimburse
loss to
districts.

3671b. The board of supervisors of each county shall in the month of September of each year determine the amount of loss to each district in the county where loss is occasioned in such district by the withdrawal from local taxation of property taxed for state purposes only, and in the month of December next thereafter shall reimburse such district from the general funds of the county for one-half of such loss, and in the month of May next thereafter shall reimburse such district from the general fund of the county for the remaining one-half of such loss.

All property
in state
subject to
deficiency
tax.

3671c. Any tax required to be levied for state purposes as provided in subdivision (e) of section fourteen of article thirteen of the constitution as amended the eighth day of November in the year one thousand nine hundred ten, to meet any deficiency in the state revenue shall be assessed, levied and collected on all property in the state, not exempt from taxation including the classes of property enumerated in section fourteen of article thirteen of the constitution of this state, under the provisions of the Political Code relating to the assessment, levy and collection of state and county taxes as said provisions were in force on the seventh day of November in the year one thousand nine hundred ten.

Prior laws
not
repealed
for certain
purposes.

3671d. All laws in force prior to the eighth day of November in the year one thousand nine hundred ten, relating to taxation, in so far as said laws may be necessary for the assessment, levy, and collection of state, county, city and county, municipal or district taxes, or in so far as said laws may be necessary for the assessment, levy and collection of the taxes for state purposes, on all the property in the state, not exempt from taxation, to meet a deficiency in the revenues for the support of the state government, or to pay the principal and interest of any bonded indebtedness created and outstanding by any city, city and county, county, town, township, or district, both as provided in subdivision (e) of section fourteen of article thirteen of the constitution as amended on the eighth day of November in the year one thousand nine hundred ten shall be and remain, for such purposes, in full force and effect.

Taxes for
deficiency
and bond
purposes.

CHAPTER 59.

An act authorizing the state board of equalization to destroy by fire certain reports and other documents.

[Approved April 13, 1915.]

The people of the State of California do enact as follows:

SECTION 1. All reports for state taxation, including copies of operative assessment rolls of the several cities, counties, and cities and counties, made to and filed with the state board of equalization under the provisions of an act entitled "An act to carry into effect the provisions of section fourteen of article thirteen of the constitution of the State of California as said constitution was amended November 8, 1910, providing for the separation of state from local taxation, and providing for the taxation of public service and other corporations, banks and insurance companies, for the benefit of the state, all relating to revenue and taxation," approved April 1, 1911, or under the provisions of any act amendatory of said act, shall be retained and kept on file by said board for a period of four years from the time of the receipt thereof, and after the elapse of said period may be destroyed by fire. [In effect August 8, 1915.]

MSH 23064

**END OF
TITLE**